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 UNITED STATES CIVIL SERVICE COMMISSION
 Washington 25, D. C.

OFFICE OF PERSONNEL

February 9, 1960

DEPARTMENTAL CIRCULAR NO. 1024, SUPPLEMENT NO. 4

TO HEADS OF DEPARTMENTS AND INDEPENDENT ESTABLISHMENTS

SUBJECT: Federal Employees Health Benefits Program: Accounting and Reporting Principles

The Federal Employees Health Benefits Act of 1959, Public Law 86-382, approved September 28, 1959, places on each Government department, agency, and independent establishment the responsibility for keeping such records, making such certifications and furnishing the Civil Service Commission with such information and reports as may be necessary to enable the Commission to carry out its functions under the Act.

The Commission is aware that agency responsibilities must be delineated as soon as possible in order that plans can be made prior to the effective date of operations under the Act. Therefore, the attached "Accounting and Reporting Principles" are presented for your consideration and comment with the understanding that these principles represent only tentative thinking and may of necessity be changed. The following items, however, are considered sufficiently firm so that agencies may plan their internal procedures accordingly.

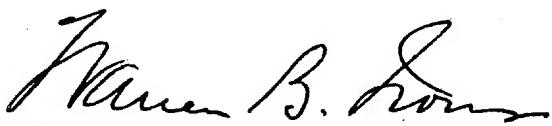
1. Enrollment codes will be expressed in three digits.
2. Deductions and agency share of subscription charges must be accounted for accurately and be subject to an internal control mechanism in addition to post audit.
3. Agency reports at the earliest possible date will be required to support credits or payments to the Health Benefits Fund administered by the Civil Service Commission.

The head of each agency is hereby requested to designate a Health Benefits Officer and notify the Commission in writing of his name, address, and telephone number as promptly as possible but not later than February 29, 1960. The Commission will consider this Officer as the agency contact on health benefits matters and look to him for such information as may be required from time to time.

The individual designated may be the Retirement Officer or the Group Life Insurance Officer or someone else. He should, if necessary, be supported by such technical assistants who can speak for the agency on all matters relating

to health benefits (e.g. accounting, training, enrollment procedures, stocking and distribution of forms).

Any comments relative to the attached draft "Accounting and Reporting Principles" may be made in writing to the Bureau of Retirement and Insurance, Civil Service Commission, Washington 25, D. C., or by phone in the Washington area (129-3391, Mr. Harold E. Hunsaker, Health Benefits Task Force). Comments received prior to February 29, 1960 will be considered in developing our accounting and reporting instructions to be issued as soon thereafter as possible.



Warren B. Irons
Executive Director

Attachment

Distribution: Washington, D. C. area only

FEDERAL EMPLOYEES HEALTH BENEFITS ACT ACCOUNTING AND REPORTING PRINCIPLES

GENERAL

The system of accounting and reporting for the Federal Employees Health Benefits Act is intended to fulfill the requirements of the Act in conformance with the principles and standards of accounting prescribed by the Comptroller General in the most reasonable and practicable manner possible.

The establishment of internal controls and the accounting necessary to produce accurately the reports and the results referred to in this memorandum shall be the responsibility of agencies under their systems of accounting approved (or to be approved) by the Comptroller General. The General Accounting Office has informally agreed to incorporate any necessary changes in Title 6 and Title 7 of the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies as a result of this new program.

OBJECTIVES AS RELATED TO THE CIVIL SERVICE COMMISSION

Records will be maintained which will fulfill the requirements of the Act applicable to the Employees Health Benefits Fund. In order to meet the objectives related to carriers, employee and agency contributions to the Fund must be summarized in the Commission accounts by type of enrollment; i.e. self alone, self and family, and female employee enrolled for self and a family which includes a nondependent husband, for each plan and option (level of benefits). A contingency reserve must also be maintained for each Health Benefits plan. Contributions to the Fund from agencies therefore must be susceptible to this breakdown.

OBJECTIVES AS RELATED TO AGENCIES

Agencies will process Health Benefits Registration Forms (now being developed) from eligible registrants through the payroll offices as authority to make payroll deductions and agency contributions for employees enrolled in the plans of their choice. Terminations and other changes in enrollment will similarly be processed. On the basis of this documentation, payroll deductions and eligibility for benefits are established. Agencies may be required to certify the eligibility of enrollees for benefits.

Agencies will maintain pre-determined control totals by types of enrollment within plan options for the amounts to be withheld from enrolled employees and for the agency contributions. Agencies will regularly report such amounts applicable to each payroll processed or consolidations thereof acceptable to the Commission.

OBJECTIVES AS RELATED TO CARRIERS

Carriers will be paid by the Commission as often and as timely as practicable in accordance with their contract. Payments to carriers will not identify names of enrollees or numbers of persons covered by the payment.

ALL AGENCIES

Each payroll office or the accounting station for the payroll office will report for each payroll processed the amount withheld from employees and the agency contribution by enrollment code number. The code will consist of three digits: first two representing a plan (more than forty plans will be involved) and the third digit representing the plan's first or second option and the type of enrollment. (See sample of coding, Exhibit A.) The distribution of the total contributions (employee and agency) by enrollment code will be based on pre-determined controls supported by appropriate documentation. (See an example of a control register, Exhibit B.)

Each payroll office or the accounting station for the payroll office will maintain records in such form as necessary to report semi-annually as of June 30 and December 31 to the Commission by enrollment code the total employee withholdings and agency contribution for the payrolls paid. This report will be used to reconcile the accounts of the agency and the Commission in order to assure the accuracy of the payments to carriers. Exhibit C may possibly be adapted for use for this semi-annual report. Reasonable statistical data on enrollees will also be required.

Agencies paying payrolls through the Treasury Division of Disbursement

Each payroll office will furnish with each payroll submitted to a Treasury Disbursing office:

1. An extra copy of the SF 1166, SF 1128, or other document for which an entry is processed to 24 X 8440().
2. One copy of Exhibit C, Employee Deductions and Agency Contribution, Federal Employees Health Benefits Act, in support of item 1.

The procedure for crediting a trust account bearing a symbol 24 X 8440(), Employees Health Benefits Fund, is similar to that presently used under the Federal Employees' Group Life Insurance Program.

Each Treasury Disbursing Officer processing payrolls for agencies will detach the extra copy of the SF 1166, SF 1128 or other document for which an entry is to be processed to 24 X 8440() and the supporting Exhibit C and indicate on these documents his usual stamp and accounting date. Addressed

envelopes will be furnished each Treasury Disbursing Officer for transmitting these documents to the Commission daily.

Agencies whose payrolls are paid by disbursing officers other than those of the Treasury Department

Each payroll office or the accounting station for the payroll office will furnish with each payroll submitted to the disbursing officer:

1. An extra copy of the SF 1166, SF 1128, or other document for which the amount of employee withholding and agency contribution is charged to an appropriation or fund.
2. One copy of Exhibit C, Employee Deductions and Agency Contribution, Federal Employees Health Benefits Act, in support of item 1.

The disbursing officer will issue a check payable to the U. S. Civil Service Commission and record the check number and date on Exhibit C. If more than one payroll is being processed for an accounting date, the check to the Commission may cover a group of Exhibit C's. The extra copy of the SF 1166, SF 1128 or other document for which an appropriation or fund is charged and the supporting Exhibit C will accompany the check sent to the Commission.

Agencies whose payrolls are paid by the United States Disbursing Officers of the State Department

Each payroll office or the accounting station for the payroll office will furnish with each payroll submitted to the disbursing officer:

1. An extra copy of the SF 1166, SF 1128, or other document for which an entry is processed to 24 X 8440().
2. One copy of Exhibit C, Employee Deductions and Agency Contribution, Federal Employees Health Benefits Act, in support of item 1.

The United States Disbursing Officer processing payrolls for the agencies will detach the extra copy of the SF 1166, SF 1128, or other document for which an entry is to be processed to 24 X 8440() and the supporting Exhibit C, and indicate on these documents his usual stamp and accounting date. These documents will be accumulated for the U. S. Civil Service Commission for transmittal with Treasury Department's copies of the SF 1218 and 1221 to the State Department. The State Department will transmit these documents with the

Treasury Department's copies of SF 1218 and 1221 in order for the Treasury Department to indicate the accounting month on the documents before transmitting them to the Commission.

Prompt processing of Exhibit C required

Exhibit C will be the basis for the Commission to compute the amount due the respective carriers. Carriers must be paid at the earliest practicable date. Therefore, Exhibit C will be submitted to the applicable disbursing officers for transmission to the Commission on or before the payroll payment date. Agencies with a normal payroll payment lag following the end of the payroll period should experience no difficulty furnishing the disbursing officer with Exhibit C because of the pre-determined control totals provided for under their accounting system. Any necessary adjustments can be included in the next Exhibit C.

Mechanization

Those agencies operating a mechanized payroll may find that data required on Exhibit C can be processed mechanically.

Print outs of the identical data required on Exhibit C may be acceptable so long as the information in the heading and at the end of the form is also furnished.

SAMPLE OF CODING

Plan 01

Option 1

Self alone	1	011
Self and family	2	012
Female - Nondependent husband	3	013

Option 2

Self alone	4	014
Self and family	5	015
Female - Nondependent husband	6	016

Plan 02

Option 1

Self alone	1	021
Self and family	2	022
Female - Nondependent husband	3	023

Option 2

Self alone	4	024
Self and family	5	025
Female - Nondependent husband	6	026

Plan 13

24

35 Same system

etc.

Note: The code applicable to a specific plan and various options and levels of coverage will be assigned by the Civil Service Commission.

The importance of coding at this time is the decision to use three digits.

Approved For Release 2003/08/13 : CIA-RDP86-00964R000100120042-8

DEPARTMENT OR ESTABLISHMENT							STATION NO.	REPORT NO.	
BUREAU, DIVISION OR OFFICE							PAYROLL PERIOD		
							FROM	TO	
LOCATION									
ENROLLMENT		ENROLLMENT		ENROLLMENT		ENROLLMENT		ENROLLMENT	
CODE	CHARGE	CODE	CHARGE	CODE	CHARGE	CODE	CHARGE	CODE	CHARGE
EMPLOYEE DEDUCTIONS. \$ _____ AGENCY CONTRIBUTIONS. \$ _____ TOTAL ENROLLMENT CHARGE AS DISTRIBUTED BY CODE ABOVE. . . \$ _____									
PAID BY CHECK NO.							DATE		
VOUCHER NO.							DATE		